BANQUE DE FRANCE
EUROSYSTÈME

Speech

Innovation

From innovation to monetary sovereignty: striking the right note

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Speech by Emmanuel Moulin, Governor of the Banque de France

Ladies and Gentlemen,

It is a great pleasure to speak before you today. Let me warmly thank Maurice Levy for his invitation. For a – relatively new – central banker, VivaTech perfectly embodies the dialogue we need between innovators and trusted public institutions, to reconcile innovation with stability, and strengthen European sovereignty. The euro has been a major achievement in this respect and is currently supported by 82% of European citizens.[i] As technology is now reshaping money itself, our task is to extend the euro into the digital world. In an ecosystem made up of digital payments, tokenised assets and stablecoins, central bank money must remain the anchor of trust. This means that central banks cannot remain on the sidelines: they must help shape monetary innovation, alongside market players. This is a revolution full of promise, but it also raises new challenges for stability, trust and sovereignty.

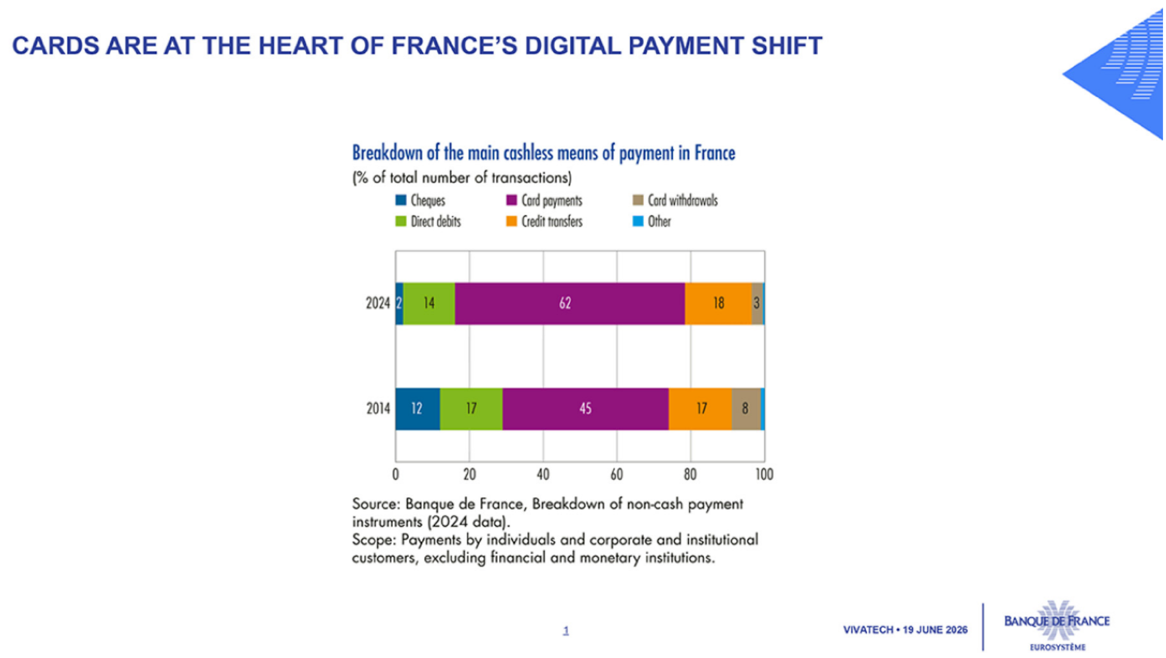
The message I wish to convey today is simple yet ambitious: innovation is already reshaping the monetary landscape (1), and Europe's strategic response designed to anchor innovation in sovereignty is already underway (2).

1) Innovation is reshaping the monetary landscape

1.1) An evolving payments landscape bringing new opportunities

The payments ecosystem is undergoing two major, simultaneous shifts affecting both retail payments and wholesale settlement.

First, the use of cash is gradually declining, while digital payments continue to expand – driven mainly by card and mobile payments in France, and by the growth of e-commerce.



Cards are at the heart of France's digital payment shift

France ranks first in Europe for cashless payment transaction volumes, with close to 33 billion transactions in 2024, up 5.2% in one year.[ii] Cards remain the dominant cashless payment instrument: in 2024, they accounted for 62% of non-cash payments, up from 45% in 2014.

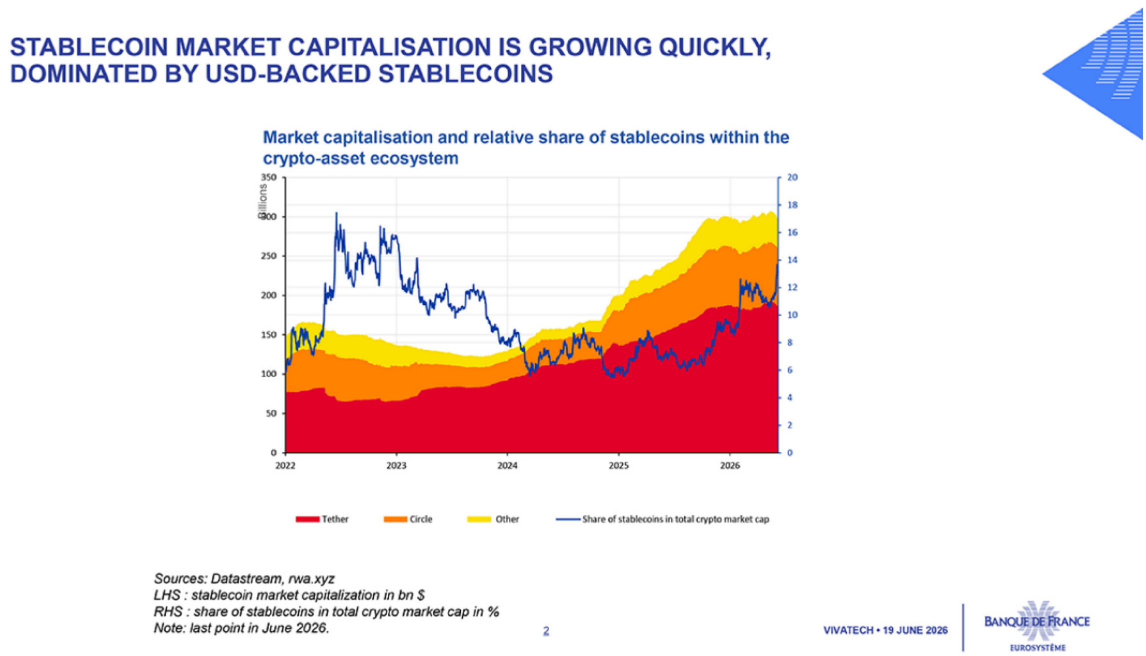
Second, digitalisation is now expanding into financial assets through tokenisation: the process of representing financial assets or deposits in the form of tokens to be recorded on a distributed ledger technology (DLT). Tokenisation is the next logical step in the evolution of the monetary and financial system, as it can integrate messaging, reconciliation and asset transfer into a single, seamless operation.[iii] It paves the way for new arrangements in cross-border payments, securities markets and beyond. Tokenisation can bring significant efficiency gains, by reducing settlement times and transaction costs, and by enabling mechanisms such as smart contracts and delivery-versus-payment.

1.2) New risks to monetary sovereignty and financial stability

Yet this digitalisation also poses new risks for monetary sovereignty and financial stability.

These changes are not taking place in a strategic vacuum: in a more fragmented geopolitical environment, payment infrastructures increasingly raise sovereignty issues, as they carry strategic value, data and standards. Europe already heavily depends on non-European actors in retail payments, notably through card schemes and digital wallets. International card schemes account for close to two-thirds of card payments in the euro area, with several countries relying entirely on them.[iv]

With stablecoins, the risk could extend further: Europe could become dependent both on non-European infrastructures and on non-euro settlement assets. Stablecoins’ combined market capitalisation has grown from less than USD 5 billion in 2019 to USD 300 billion in 2026.[v]

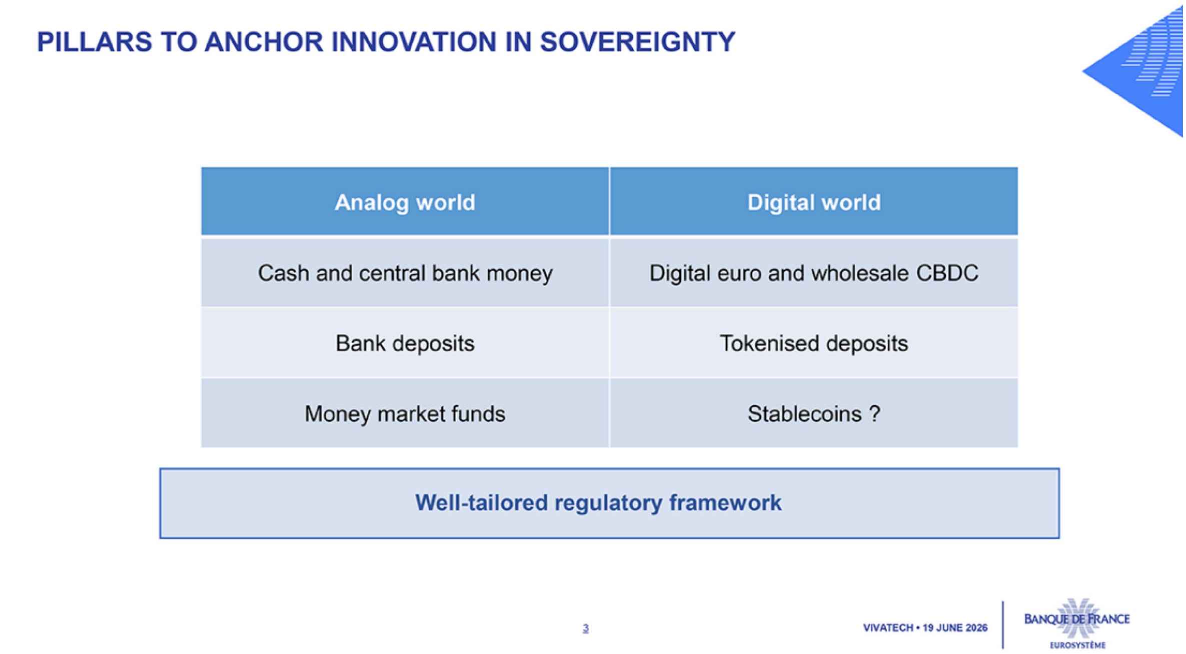


Stablecoin market capitalisation is growing quickly, dominated by USD-backed stablecoins

Overwhelmingly dollar-backed[vi] and strongly promoted by the US administration, stablecoins generate a serious risk of digital dollarisation and privatisation of money. While heightening financial stability risks – especially if they become more interconnected with the traditional financial system – as well as raising AML concerns, their growing use could also weaken monetary policy transmission. This is why Europe must shape innovation rather than merely absorb it.

2) Europe’s strategic response is already underway: anchoring innovation in sovereignty

We must transpose the strengths of our monetary system from the analog to the digital world.



Analog world	Digital world
Cash and central bank money	Digital euro and wholesale CBDC
Bank deposits	Tokenised deposits
Money market funds	Stablecoins ?

Pillars to anchor innovation in sovereignty

Europe’s response is already taking shape: by adapting central bank money to the digital age, fostering regulated private money in euro, and strengthening our regulatory framework.

2.1) Central bank money in the digital age: digital euro and wholesale CBDC

Firstly, we need central bank money in the digital world: a digital euro for the general public, and wholesale CBDC for the interbank market. At this stage, the question is no longer whether we should move forward, but how to do so in the most effective way. Success will require close cooperation with all stakeholders.

For European citizens, the Eurosystem aims to issue a "digital banknote" designed to transpose the features of cash to the digital world, while preserving the anchoring role of central bank money. In December 2025, the Council of the EU unanimously supported the project and agreed on a digital euro, covering both online and offline use cases, accepted universally in the euro area, offering a high degree of privacy, and delivered at the lowest possible cost. The digital euro will be complementary to cash, which will remain widely available and accepted. After the vote expected in the European Parliament in July, we intend to run a pilot as early as 2027 and to potentially launch the digital euro in 2029.

For the interbank market, the Eurosystem is developing a strategy built around two complementary projects.

- Pontes[vii] addresses immediate market needs. By the third quarter of 2026, it will deliver the first version of wholesale CBDC enabling financial intermediaries to settle DLT-based transactions in central bank money on a Eurosystem-operated DLT platform. It will be progressively enhanced, with settlement finality on DLT and extended operating hours. A first concrete use case is expected by year-end with project Pythagore,[viii] aimed at tokenising the NEU CP market – the EU's largest short-term debt market in euros.
- The second project, Appia,[ix] looks further ahead. It will explore, in close cooperation with market participants, the future architecture of an integrated DLT-based financial ecosystem anchored in central bank money. This work should deliver a blueprint for tokenised financial markets in Europe by 2028 and feed into Pontes over time.

Together, Pontes and Appia form a coherent strategy: meeting today's needs while building tomorrow's infrastructures.

2.2) Ensuring a supply of regulated commercial bank money in the tokenised economy

Secondly, bank deposits must also enter the digital world, through tokenised deposits and regulated forms of commercial bank money in euro. While the provision of a CBDC is essential, it is not intended to cover all uses in the tokenised ecosystem. It is also necessary to have a strong and efficient tokenised commercial bank money offer so that the European two-tier monetary system can evolve, while fully preserving monetary sovereignty.

This offer should include tokenised bank deposits, EUR-backed stablecoins issued by banks, and the payment infrastructures to enable multilateral clearing of these commercial bank money tokens, naturally articulated with CBDC. This is precisely where the Banque de France and the Eurosystem intend to act as catalysts: not to substitute for financial institutions, but to support the European financial system in developing this offering swiftly and in a coordinated manner.

2.3) A well-tailored regulatory framework

Lastly, all these innovations must be supported by a well-tailored regulatory framework. This is particularly true for stablecoins, which combine a promise of liquidity with potential run risks, much like money market funds in the analog world. Innovation can only be sustainable if it supports financial stability, monetary sovereignty and consumer protection.

Europe is not starting from scratch on regulation: with PSD2 already in place, and PSD3 to follow, we have built an advanced framework for payments. Europe was also the first major jurisdiction to regulate crypto-assets through MiCA. But this framework must now be strengthened. MiCA only partially addresses the risks linked to a rapid adoption of stablecoins issued by non-bank and non-European actors. We should better regulate the use of non-euro stablecoins for everyday payments, and multi-issuer models, including when the same stablecoin is issued both within and outside the EU.

Finally, rules must be applied consistently across Europe. Regulation cannot be effective if firms can choose the most lenient jurisdiction and then operate across the Single Market. This is why strong European supervision is needed, to ensure a level playing field.

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Allow me to conclude with a few words from Jean Monnet: “Sovereignty withers when it is frozen in the forms of the past.”[x] To preserve what the euro has achieved, we must allow it to evolve. The future of money will be written in code, but it must still be backed by trust. The task of the Eurosystem – and of the Banque de France in particular – is to modernise central bank money for the digital age and ensure that the euro remains a cornerstone of trust and a driver of European sovereignty.

i See Standard Eurobarometer 104 - Autumn 2025
ii Banque de France, (2026). *In 2024, French citizens continued to adopt innovative payment methods*. Banque de France Bulletin, No. 261/5, February.
iii Bank for International Settlements, (2025). Annual Economic Report 2025, Chapter III, “The next-generation monetary and financial system”, June.
iv ECB, (2025). Report on card schemes and processors, February. Based on 2022 data, the report finds that international card schemes accounted for approximately 61% of euro area card payments, while 13 euro area countries relied entirely on them. These market shares have remained relatively stable over recent years.
v International Monetary Fund, (2026). *Stablecoin Shocks*. IMF Working Paper, No. 26/44, March.
vi Stablecoins backed by the US dollar account for 99% of market capitalisation. Source: Banque de France (2025), *Financial Stability Report*. June
vii See ECB website on Pontes.
viii Banque de France (2026). Pythagore project, NEU CP-NEU MTN market modernization | Banque de France
ix See ECB website “Appia – paving the way for a future-ready, integrated financial ecosystem leveraging tokenisation and DLT”.
x Monnet (J.) (1976), *Mémoires*.

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